

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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House Budget Does Cut Medicaid by \$93 Billion

Dear Democratic Colleague:

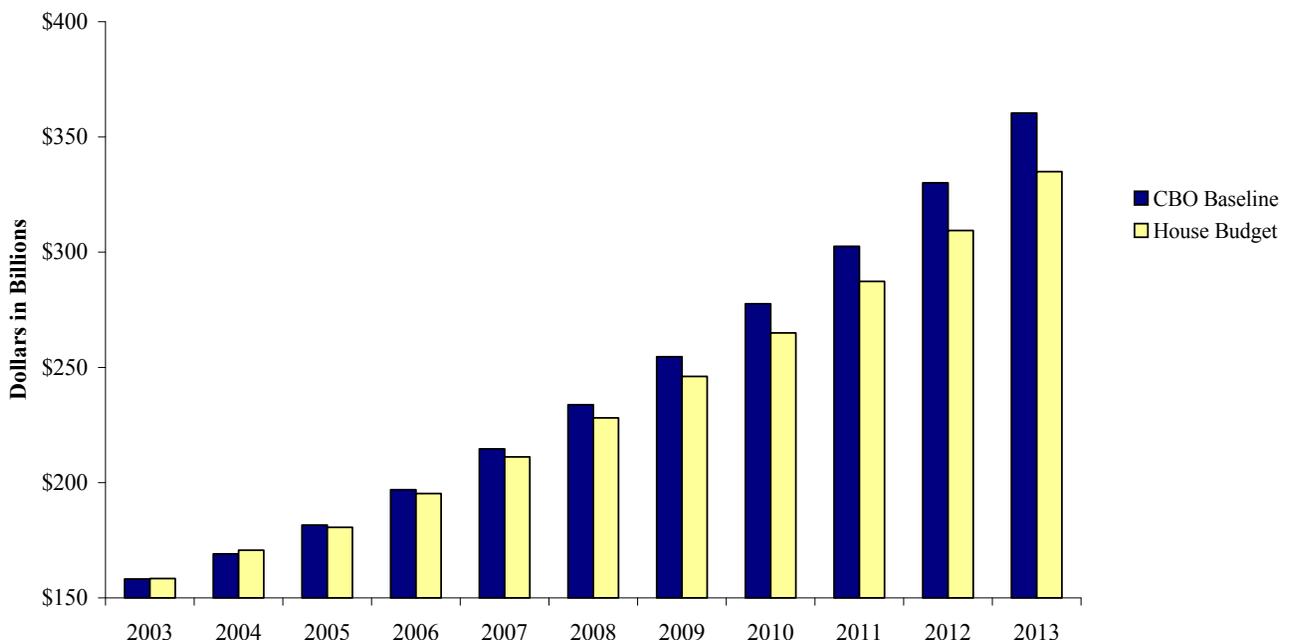
The House budget resolution includes \$265 billion in spending cuts for mandatory programs, including instructions for the Committee on Energy and Commerce to cut spending by \$107 billion. Furthermore, the numbers underlying the budget direct \$98 billion in cuts to “mandatory health programs”, several of which are under the jurisdiction of Energy and Commerce. Despite these facts, some Republicans deny that the budget cuts Medicaid spending. These claims are erroneous for the following three reasons.

First, Medicaid constitutes 93 percent of mandatory program spending under the jurisdiction of the Committee on Energy and Commerce, so it is apparent that the bulk of the \$107 billion in spending cuts will fall on Medicaid. When viewed by budget function, rather than committee of jurisdiction, the budget resolution directs \$98 billion in spending cuts for “mandatory health programs”. Mandatory health programs include Medicaid, the State Children’s Health Insurance Program, the Federal Employees Health Benefit Program, Tricare for Life, and other, smaller programs. Medicaid is by far the largest program of this group, and would face cuts of \$93 billion if it assumes its share of the total cut.

Second, even though overall Medicaid spending increases, House Republicans cut Medicaid below levels needed to maintain the current program. It is important to understand baselines in order to see the fallacy in the claim that Medicaid is not cut. A baseline projects spending under current law. It is the cost of providing today’s services to the eligible population of tomorrow. This baseline is the benchmark against which all increases and decreases are measured. If someone says he is decreasing or increasing a particular program, such as Medicaid, that increase or decrease is measured against the baseline.

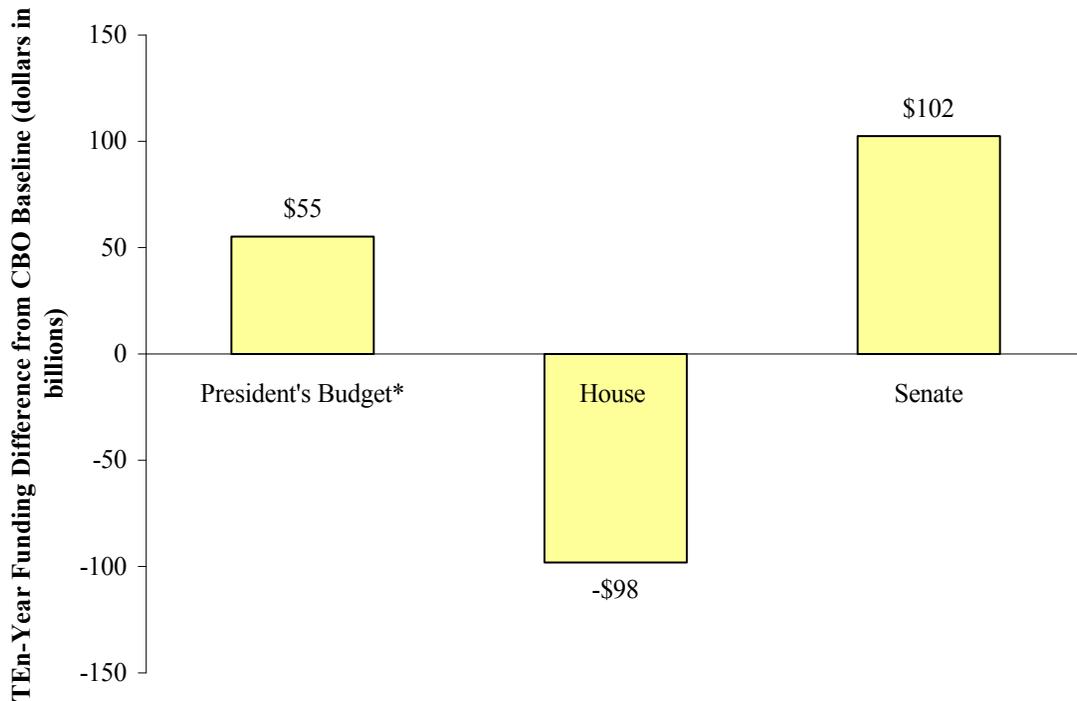
The House budget does not provide sufficient funding to pay for the costs projected by CBO under current law. Providing funding below the level needed to maintain the current program will result in benefit cuts, loss of eligibility, or both.

House Budget Shortchanges the Medicaid Program



Third, not only does the House budget cut Medicaid and other mandatory health programs below the CBO baseline, it significantly deviates from the Senate's and President's budgets in doing so. Both the Senate's and President's budgets increase spending for this group of programs. Specifically, the Senate budget provides for a \$102 billion increase for mandatory health programs from fiscal years 2004 to 2013, as compared to the CBO baseline, while the President's budget increases spending over the same time period by \$55 billion.* The House budget's proposal to cut Medicaid and other mandatory health spending is clearly out-of-step with both the Senate's and President's budgets.

**Ten-Year Funding for Mandatory Health Programs
Increases Under Senate and President's Budgets, But is Cut by House Budget**



Though some deny what the House Budget does, it is obvious from a fair analysis that the budget clearly shortchanges the Medicaid program by \$93 billion. Claims to the contrary are erroneous.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member

*Difference from baseline for President's Budget adjusted to reflect OMB scoring for Medicaid block grant, consistent with House and Senate Budget totals.